

TESTIMONY
of the
Honorable Tom Udall
Congressman, 3rd District of New Mexico

Mr. Chairman and Ranking Member Velásquez and fellow members of the Committee:

Good afternoon and thank you for this opportunity to speak to the committee about my proposal. Some of you are familiar with my bill, which will establish a three-year pilot project offering grants to SBDCs to assist the Native American, Native Alaskan, and Native Hawaiian populations with their small business development needs.

Those of us on this Committee know how important small business entrepreneurship is to the health of our economy. The 25 million small businesses in America create 75 percent of all new jobs and help provide economic growth and development to their communities. However, there are places in this country where economic development and the prosperity experienced by so many has yet to reach. These areas deserve our attention and assistance.

Consider this; nowhere in America has poverty persisted longer than on or near Native American reservations. These lands suffer an average unemployment rate of over approximately 45 percent, according to the BIA, which is almost four times the national average. Additionally, almost 40 percent of those living on reservations live below the poverty rate, which is over three times the national average. Native Americans and Native Alaskans are much more likely to live in homes with incomplete plumbing, incomplete kitchens, and no telephone service. This has also lead to a decline in the well-being of Native Americans over the last several decades. Diabetes, tuberculosis, cardiovascular disease, alcoholism, SIDS, fetal alcohol syndrome, and, increasingly, AIDS, plague America's native communities at rates far greater than for other Americans, resulting in high mortality rates and low life expectancies.

Nevertheless, there is reason for hope. Small business creation has drastically increased on tribal lands and this has lead to some job growth in these areas. In fact, in recent decades, Native American business growth and gross receipts have vastly surpassed overall small business growth rates and total growth receipts.

I would like to continue the growth and expansion of small enterprise with H.R. 2981, which passed the House overwhelmingly during the past two Congresses. My bill ensures that Native Americans, Native Alaskans, and Native Hawaiians seeking to create, develop, and expand small businesses, have full access to the counseling and technical assistance available through our nation's Small Business Development Centers.

For 25 years Small Business Development Centers have been delivering management and technical assistance counseling to millions of prospective and existing small business owners. Additionally, they have been providing these entrepreneurs with significant educational programs. These invaluable centers help with business planning, marketing, and financing as well as providing resources for these small businesses to enter the global marketplace. In 2004, New Mexico's 20 SBDCs consulted with almost 4,000 potential or existing businesses. These

SBDCs guided over 150 clients through the process of choosing to start a business, created more than 600 new jobs, helped 170 clients obtain more than \$20 million in loans, and helped clients receive more than \$10 million in equity financing.

My bill helps SBDCs extend these resources to areas that will benefit greatly from their assistance. My bill permits state SBDCs to apply for additional SBA grants to establish one or more Native American Small Business Development Centers on or near Native American lands. The business development tools offered by these SBDCs can assist Native Americans with the training, mentoring, and technical assistance to build sustainable businesses in their communities.

In an effort to ensure the quality and success of the program, my proposal requires grant applicants to provide the SBA with their goals and objectives for the services to be provided with the grant, including their experience in assisting entrepreneurs with the difficulties in operating a small business. Additionally, the applicant must show their capability to provide training and services to a representative number of Indian tribe members, Native Alaskans, and Native Hawaiians. Most importantly, this bill ensures the participation of governing bodies of tribal organizations to ensure these business development tools are provided in a culturally sensitive manner.

While the current economic situation on Native American lands is grave, it holds great promise for the future. It is clear that we can and must do more to aid Native American entrepreneurs. I believe that this legislation will help our Native American population with the opportunity to build sustainable businesses in their communities, which will in turn create further economic opportunities for those that need them the most.

In closing, I would like to mention that we will be receiving testimony from Ms. Norma Naranjo (Na-ran-ho) from the San Juan Pueblo, which is located in my home district. Ms. Naranjo is the owner of the Feasting Place “Connecting Earth & Spirit,” a dining establishment featuring Native cuisine. In January 2002, Ms. Naranjo was recognized by the New Mexico State Legislature and the Governor’s Office as one of New Mexico SBDC’s successful clients during “NMSBDC Day at the Legislature.” She joined 17 other successful SBDC clients at a recognition ceremony held in the Capitol’s Rotunda in Santa Fe and she is an excellent example of an entrepreneur who has been successful through her ambition and diligence mixed in with a little help from the New Mexico SBDC. With additional funding to SBDCs who seek it, they can provide assistance to more entrepreneurs like Ms. Naranjo.

Thank you Mr. Chairman for the opportunity to discuss these issues today. I urge welcome any questions regarding my bill and hope you can all support this important legislation.